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MEMORANDUM FOR:

Director of African and Latin American Analysis

Director of Central Reference

Director of Current Production and Analytic Support

Director of East Asian Analysis Director of European Analysis Director of Global Issues Director of Imagery Analysis

Director of Near Eastern/South Asian Analysis Director of Scientific and Weapons Research

Director of Soviet Analysis Chief, Analytic Support Group

Chief, Arms Control Intelligence Staff

Chief, Product Evaluation Staff

Chief, Planning and Management Staff

Chief, Collection Requirements and Evaluation Staff

FROM

Richard J. Kerr

Associate Deputy Director for Intelligence

SUBJECT

: Third Quarter Contract Review

- 1. The Third Quarterly Contract Review (QCR) was held last week; formal contract approval memoranda are forthcoming. As a result of the QCR a number of points were raised and specific problems were brought to my attention. Specifically:
 - Only 1/3 of our Directorate External Analysis funds are formally commited, yet we are more than half way through the fiscal year (see attached).
 - Projects are being proposed, approved, and then sat on for several months.
 - Internally, we do not communicate as well as we should. Comments received on several projects indicated to me that Directorate personnel are frequently uninformed of planned work in sister offices.
 - In several cases project proposals have reached me which are outdated and/or do not reflect the actual work to be performed.

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- 2. The first two points are related and account for the surge in contract actions during the last Quarter of the fiscal year. This, in turn, imposes severe pressures of our Contracting Team, unnecessarily straining an already burdened workload.
- 3. My third point reveals a situation which need not occur. We should not only get out from behind our desks to talk with our consumers, but should also compare notes with our Directorate counterparts in regional/functional offices.
- 4. I again request each of you to critically review your remaining FY 1984 needs for contractual assistance and, in particular, for external analysis contracts Several components already have submitted unfunded requirements to me. I expect to make firm decisions in July and caution you that external analysis funds not committed for external analysis purposes by that time may be frozen and reallocated to Directorate priorities in this area. Reprogrammings will be reviewed individually and approved only on a case by case basis.
- 5. My staff is working to streamline the contract review and approval mechanism, to develop methods which will more closely tie our contractual assistance program with our research program; and to simplify and unify the contract process. Please refer questions to the DI External Contracts Coordinator, on extension

Richard J. Kerr

Attachment: As stated

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